

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7438

BILL NUMBER: HB 1729

DATE PREPARED: Jan 21, 2001

BILL AMENDED: Jan 17, 2001

SUBJECT: Compulsive Gambling.

FISCAL ANALYST: Jim Landers

PHONE NUMBER: 232-9869

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) *Dockside Gaming:* The bill changes the definition of a "Riverboat" to a permanently or continuously moored vessel. The bill also permits Riverboat owners to conduct gambling games while a Riverboat is docked and allowing the continuous ingress and egress of passengers for the purpose of gambling. However, the bill prohibits Riverboats on the Ohio River from being connected in any way to a non-navigational barge, vessel, platform, or other structure.

Riverboat Admissions Tax: The bill changes the basis for imposing the Riverboat Admissions Tax from the number of persons admitted to a Riverboat to the number of persons on board a Riverboat at the time a passenger count is recorded. The bill requires passenger counts to be conducted one hour after the start of each daily "reporting period" and once every two hours thereafter. The daily "reporting period" begins at 6 a.m. each day and concludes at 5:59 a.m. the following day. If, as scheduled, the Riverboat does not open to the public at the start of the daily reporting period, passenger counts must be conducted one hour after the Riverboat begins admitting people during the reporting period and once every two hours thereafter.

Orange County Riverboat License: The bill authorizes a Riverboat for Orange County. The bill also requires a referendum in French Lick and West Baden to authorize Riverboat gambling. The bill establishes a County Gaming Development Commission in Orange County to designate a location within French Lick or West Baden for the development of a Riverboat. It also includes Paoli, Orleans, and Dubois County in the allocation of Admissions Tax revenues from the Orange County Riverboat.

Parimutuel Pull Tabs: The bill authorizes the sale of Pari-mutuel Pull Tabs at a horse racing track, a horse racing satellite facility located in Marion County, and a horse racing satellite facility located in Orange County. The sale price of a Pari-mutuel Pull Tab can not exceed \$10. The bill provides that the sale of Pari-mutuel Pull Tabs may not commence until after a horse racing satellite facility in Orange County commences operations. Except in the case of the horse racing satellite facility located in Orange County, the bill prohibits the sale of Pari-mutuel Pull Tabs in a county where a Riverboat is docked.

Pari-mutuel Pull Tabs Taxes: The bill imposes a tax of 20% on the adjusted gross receipts received from the sale of Pari-mutuel Pull Tabs. The bill also imposes an additional \$3.00 Parimutuel Admissions Tax for horse racing tracks and satellite facilities that sell Parimutuel Pull Tabs. The Admissions Tax is imposed either on each paid admission (if there is an admission charge) or the number of persons present at the facility at the time a patron count is recorded (if there is no admission charge). The bill requires patron counts to be conducted one hour after the start of each daily “reporting period” and once every two hours thereafter. The daily “reporting period” begins at 6 a.m. each day and concludes at 5:59 a.m. the following day. If, as scheduled, the facility does not open to the public at the start of the daily reporting period, patron counts must be conducted one hour after the facility begins admitting people during the reporting period and once every two hours thereafter.

Racetrack Grants: The bill limits grants from Riverboat Admissions Tax revenues by the Horse Racing Commission to racetrack owners who sell Pari-mutuel Pull Tabs either at the racetrack or at a satellite facility.

Voluntary Exclusion Program: The bill requires the Indiana Gaming Commission to adopt rules to implement a program in which problem gamblers may voluntarily exclude themselves from Riverboat gambling facilities. The bill provides that the program must include a list of the participating persons. It also provides that a person may be excluded or ejected from a Riverboat gambling facility if the person's name is on the list of program participants. The bill provides that a person who participates in the program commits criminal trespass, a Class A misdemeanor, if the person knowingly or intentionally enters a Riverboat gambling facility.

Penalties for Underage Entry to a Riverboat: The bill makes it a Class A misdemeanor for a person to knowingly or intentionally aid, induce, or cause a person less than 21 years of age and who is not an employee of a Riverboat to enter or attempt to enter a Riverboat. It also makes it a Class A misdemeanor for a person who is less than 21 years of age and who is not an employee of a Riverboat to knowingly or intentionally enter or attempt to enter a Riverboat.

Civil Actions for Check Deception by Riverboat Owners: The bill provides that a Riverboat Owner is not entitled to treble damages in a civil action against a person who caused the Riverboat owner pecuniary loss by committing check deception. It also provides that the Riverboat owner may bring the civil action for actual damages.

Riverboat Ownership: The bill removes the prohibition on a Riverboat owner from owning more than 10% interest in another Riverboat. The bill permits a person to own up to a 100% interest in two Riverboats.

Effective Date: Upon passage; July 1, 2001; January 1, 2002.

Explanation of State Expenditures: (Revised) *Racetrack Grants:* The bill limits certain grants by the Horse Racing Commission to racetracks for routine operations, if the track owner sells Pari-mutuel Pull Tabs either at the racetrack or at a satellite facility. The grants are made from Riverboat Admissions Tax revenue that is distributed to the Commission. From each \$3 Admissions Tax, \$0.65 is distributed to the Commission. A portion of this revenue is provided to Hoosier Park Racetrack. The grant amount for CY 2000 is estimated to total \$6.8 M. The bill provides that the maximum grant for owners selling Pari-mutuel Pull Tabs is equal to the CY 2000 grant minus the total adjusted gross receipts from Pari-mutuel Pull Tab sales for the 12-month period immediately preceding the date on which the grant is distributed.

Voluntary Exclusion Program: The bill could potentially lead to an increase in cost to the Indiana Gaming Commission. The extent of this cost is not estimated.

The bill requires the Commission to adopt rules to implement a “voluntary exclusion” program for problem gamblers. The program allows individuals to put themselves on a statewide list of people who want to be excluded from all Riverboats. The list would be administered by the Commission, would be confidential, and could only be disseminated to the Riverboat owners for purposes of enforcement. The bill also provides that a person participating in the voluntary exclusion program who attempts to enter a Riverboat has committed criminal trespass. The Commission would also have to enforce this provision. As a result, this program could result in additional cost to the Commission relating to enforcement, postage, printing, and other administrative activities. Currently, Missouri operates a voluntary exclusion program similar to that outlined in the bill. As of January 2001, nearly 2,300 individuals have voluntarily excluded themselves from Riverboat casinos in Missouri. The cost of enforcement in Missouri is reportedly negligible because these activities are conducted by State Highway Patrol officers who are already assigned to investigative and law enforcement activities at the casinos. Research is ongoing regarding the postage, printing, and other administrative costs incurred by Missouri in the conduct of its voluntary exclusion program.

Explanation of State Revenues: (Revised) The table below outlines the estimated annual impact of the bill on (1) total revenue to the state and to local governments and (2) total revenue to the state.

Provision	Total Revenue Impact	State Revenue Impact
Dockside Gaming - Wagering Tax	\$108.83 M	\$81.62 M
Dockside Gaming - Admissions Tax	\$45.29 M	\$13.59 M
Orange County Riverboat - Wagering Tax	\$24.49 M - \$26.69 M	\$18.37 M - \$20.02 M
Orange County Riverboat - Admissions Tax	\$8.47 M - \$9.2 M	\$0
Pari-mutuel Pull Tabs - Wagering Tax	\$1.1 M - \$12.24 M	\$811,000 - \$9.18 M
Pari-mutuel Pull Tabs - Admissions Tax	\$873,000 - \$3.69 M	\$436,500 - \$1.85 M
Total	\$189.05 M - \$205.94 M	\$114.83 M - \$126.26 M

Dockside Gaming: The bill changes the definition of a Riverboat to a continuously moored or permanently moored vessel and permits owners of Riverboat casinos to conduct dockside gaming with continuous boarding of Riverboat patrons. The change to dockside gaming is expected to increase both wagering and admissions on Riverboats that operate in such a manner and, thus, to increase revenues from the Riverboat Wagering Tax and the Riverboat Admissions Tax. *Estimates pertaining to particular Riverboats and communities will be made available upon request.*

As a result of dockside gaming operations on the 10 existing Riverboats, revenue from the Riverboat Wagering Tax could potentially increase by an estimated \$108.83 M per year. The state share of this increase as determined by statute is equal to 75%, or approximately \$81.62 M. The state share of the Wagering Tax is deposited in the Lottery and Gaming Surplus Account within the Build Indiana Fund.

Also as a result of dockside gaming operations on the 10 existing Riverboats, revenue from the existing \$3 Riverboat Admissions Tax could potentially increase by an estimated \$45.29 M. The following distributions,

as determined by statute, are made to the state from each \$3 tax from these Riverboats. The distributions would total approximately \$13.59 M.

\$0.15 to the State Fair Commission;
\$0.10 to the Division of Mental Health; and
\$0.65 to the Indiana Horse Racing Commission.

Background on Dockside Gaming:

Dockside Gaming in Illinois: The estimates above are based on the growth in adjusted gross receipts earned by Riverboat casinos (the wagering tax base) and Riverboat casino admission counts in Illinois prior to and after dockside gaming was permitted in that state. Dockside gaming with continuous boarding of Riverboat patrons began on Illinois Riverboats as of June 26, 1999. Monthly totals for adjusted gross receipts and admissions were analyzed for a period of 58 months beginning with January 1996 and concluding with October 2000. The analysis controlled for the monthly trend in both variables, for changes in the number and size of Riverboat casinos during the period observed, and for the presence of dockside gaming in neighboring Iowa from November through March. The results of this analysis indicate that during the months since dockside gaming began (July 1999 to October 2000) in Illinois, adjusted gross receipts have on average been 29.4% higher than during the months prior to dockside gaming (January 1996 to June 1999). Likewise, the analysis indicated that Riverboat admissions have on average been 36% higher during the months since dockside gaming began.

These estimates assume that the conditions that have existed in Illinois since dockside gaming commenced will be replicated in Indiana, if and when dockside gaming commences. This assumption may be problematic in particular since the competitive environment for Indiana Riverboats may not be similar to that which has existed for Illinois Riverboats. At the time dockside gaming began in Illinois the primary competitors of Illinois Riverboats were Riverboats located in: (1) Indiana, where dockside gaming is not permitted; (2) Missouri, where continuous boarding of Riverboat passengers was at the time not permitted and where a \$500 per excursion loss limit was in place; and (3) Iowa, where dockside gaming on Riverboats was only allowed during the late fall and winter months. If dockside gaming were to be implemented in Indiana the impact on Riverboat wagering and admissions may not reach the level achieved in Illinois since Indiana Riverboats would be competing, to a great extent, with Riverboats in Illinois that already conduct dockside gaming. The presence of land-based casinos operating in Detroit, Michigan, also may serve to dampen the impact of a change to dockside gaming in Indiana. As a result, the estimates based on the Illinois experience may overestimate the impact that dockside gaming will ultimately have on the Riverboat Wagering Tax and the Riverboat Admissions Tax in Indiana.

In order to evaluate this issue further, a separate analysis of adjusted gross receipts and admissions at the Casino Rock Island Riverboat in Rock Island, Illinois, was performed. The Casino Rock Island Riverboat is situated on the Mississippi River across from Riverboats in Bettendorf, Davenport, and Clinton, Iowa. The analysis indicated that the Rock Island Riverboat experienced a larger increase in adjusted gross receipts and admissions due to dockside gaming than was the case for all Riverboats in Illinois. However, the analysis also suggests that the competition of dockside gaming from Iowa Riverboats during the late fall and winter months does have a negative impact on adjusted gross receipts and admissions at the Rock Island Riverboat. More importantly, this impact is much more pronounced for the Rock Island Riverboat than for all Riverboats in Illinois.

Wagering Tax Estimate: The estimated impact of dockside gaming on the Riverboat Wagering Tax from the

10 existing Riverboats is based on a preliminary forecast by the State Budget Agency for total Wagering Tax revenue in FY 2002. The preliminary forecast is approximately \$370.16 M. Based on the Illinois experience, the change to dockside gaming is estimated to increase the Wagering Tax by 29.4%, or \$108.83 M.

Admissions Tax Estimate: The estimated impact of dockside gaming on the Riverboat Admissions Tax from the 10 existing Riverboats is based on the FY 2000 turnstile and multiple excursions counts adjusted for the operation of Belterra Riverboat that began operating during October 2000. The turnstile count is the number of persons entering the Riverboat and the multiple excursion count is the number of persons remaining on the Riverboat for an additional excursion (generally 2 hours in length). While multiple excursions would not occur with dockside gaming, the bill creates a system of counting passengers every two hours that would tend to replicate the existing turnstile and multiple excursions count. The bill also requires that the Admissions Tax be imposed on the basis of these periodic passenger counts. Therefore, the Admissions Tax estimate uses the FY 2000 turnstile and multiple excursion counts as a base for the passenger counts that would take place if dockside gaming were conducted by the Riverboats under the bill.

The FY 2000 turnstile count was approximately 18.67 M and the multiple excursion count was approximately 20.06 M for nine Riverboats containing approximately 458,490 square feet of casino space. Due to the addition of the Belterra Riverboat since the conclusion of FY 2000, a proportionate adjustment was made to the turnstile and multiple excursions counts to account for the additional casino space. A unit turnstile count of 40.71 per square foot of casino space and a unit multiple excursions count of 43.75 per square foot were utilized for the adjustment. Belterra reportedly contains 38,000 square feet of casino space. The adjusted turnstile count is 20.21 M and the adjusted multiple excursions count is 21.72 M resulting in an estimated passenger count for FY 2002 of 41.93 M. This assumes that admissions will not trend upward from FY 2000 to FY 2002 and that admissions will grow proportionately with growth in casino space.

The change to dockside gaming by all Riverboats is estimated to increase the passenger count by 36%, or 15.1 M, leading to an estimated \$45.29 M increase in revenue from the \$3 Admissions Tax. This assumes that the count of passengers staying for more than one 2-hour passenger count period (what was previously the count of people staying on the Riverboat for an additional 2-hour excursion) increases by the same factor as the turnstile count. However, the change to dockside gaming may have a greater impact on the count of passengers staying for more than two hours since passengers would be able to board and disembark the Riverboat at anytime.

Orange County Riverboat: While the bill makes no changes to Riverboat tax rates or fees, it presumably would increase revenue to the state from the Riverboat Wagering Tax, the Occupational License Fee, and Riverboat Owners' Fees, provided a Riverboat commences operations in Orange County.

The Orange County Riverboat could potentially increase annual Wagering Tax revenue by an estimated \$24.49 M to \$26.69 M. This is based on the average Wagering Tax receipts during FY 2000 from (1) the three smallest Riverboats with respect to casino square feet and gaming positions and (2) the three Riverboats having the lowest admissions totals. This also assumes that the Orange County Riverboat would be relatively small and that wagering overall would increase proportionately with the addition of the eleventh Riverboat. Under the bill, 75% of the Wagering Tax revenue from the Orange County Riverboat would be distributed to the Lottery and Gaming Surplus Account (LGSA) in the Build Indiana Fund. Consequently, that estimated additional revenue to the LGSA would range from \$18.37 M to \$20.02 M.

Under current statute the LGSA also receives surplus Lottery revenue and other surplus gaming revenues from the Parimutuel Wagering Tax and the Charity Gaming Excise Tax. A statutorily determined amount

of revenue in the LGSA is transferred each year to the Motor Vehicle Excise Tax Replacement Account (MVETRA) within the state General Fund. (Beginning with FY 2002 and continuing each year thereafter, this amount is equal to approximately \$236.2 M.) The remaining money in the LGSA is then transferred to the State and Local Capital Projects Account.

In addition, an eleventh Riverboat in Orange County would lead to an increase in revenue from the Occupational License Fee and the Riverboat Owner's Fees. Given that there are already a number of licensed Supplier's operating in the state, Supplier's licenses may not be impacted by the bill.

The Occupational License Fee is imposed on individuals employed in certain Riverboat gambling occupations. The Application Fee is dependent on the type of license obtained, ranging from \$75 to \$1,000. The Annual License Fee is also dependent on the type of license obtained, ranging from \$25 to \$100. Revenue from the Application Fee totaled approximately \$1.15 M in FY 2000; and revenue from the Annual License totaled \$194,895 in FY 2000.

The Application Fee for an applicant for a Riverboat Owner's License is \$50,000 (or greater if the cost of investigating the applicant exceeds that amount) and the Initial License Fee for Owners is \$5,000. The Initial License is valid for five years. The Renewal License Fee for Riverboat Owners is \$5,000 and is imposed annually. In FY 2000 revenue from the Application Fee totaled \$250,000. There was no revenue from the either the Initial License Fee or the Renewal License Fee in FY 2000. By the conclusion of FY 2000, none of the existing initial licenses had expired. License fee revenue is distributed to the State Gaming Fund.

Pari-mutuel Pull Tabs: The bill authorizes the sale of Pari-mutuel Pull Tabs at Hoosier Park, at the current horse racing satellite facility in Marion County, and at a proposed horse racing satellite facility located in Orange County. In terms of state revenue the bill imposes the following two new taxes relating to Pari-mutuel Pull Tabs:

(1) A Wagering Tax equal to 20% of the adjusted gross receipts (total wagers minus winnings paid to wagers and uncollectible receivables) from the sale of Pari-mutuel Pull Tabs. It is estimated that annual revenue from this tax could potentially vary from a low range of \$1.1 M to \$4.6 M to a high of \$12.24 M, depending upon the basis for this estimate and assuming that all three facilities sell Pari-mutuel Pull Tabs. Under the bill, 75% of the revenue from this tax is distributed to the State Pari-mutuel Surplus Fund. Based on the estimate, this total could vary from a low range of approximately \$811,000 to \$3.43 M to a high of \$9.18 M. Revenue in the State Pari-mutuel Surplus Fund is required to be distributed as follows:

The first \$4.0 M to Historic Landmarks of West Baden to restore the West Baden Springs Hotel;
The next \$2.5 M to the Municipal Historic Restoration Commission (of French Lick) to restore
historic commercial and municipal buildings; and
The remainder to the Lottery and Gaming Surplus Account of the Build Indiana Fund.

(2) An Admissions Tax equal to \$3 per paid admission to the facility or, if the facility does not charge for admission, \$3 per patron based on a patron count after the first hour of operation during the day and every two hours thereafter. Assuming the facilities will choose to impose an admission charge of their own, it is estimated that annual revenue from this tax could potentially vary from a low of approximately \$854,000 to a high of approximately \$3.61 M. This also depends upon admissions estimates for the facilities and that the facilities will sell Pari-mutuel Pull Tabs. Under the bill, 50% of the revenue from this tax is distributed to the State General Fund. Based on the estimate, this total could vary from a low of approximately \$427,000 to a high of approximately \$1.81 M.

In addition, the existing \$0.20 Admissions Tax would have a revenue impact based on the assumption that the facilities will choose to impose their own admission charge. The existing tax is only imposed upon paid admissions to horse racing tracks and satellite facilities. Currently, admissions are not charged at either Hoosier Park for simulcast racing or at the existing Indianapolis satellite facility. Thus, the bill is estimated to result in approximately \$19,000 to \$80,000 in additional revenue from the existing Admissions Tax at the these two facilities and the Orange County facility. Fifty percent of this revenue (approximately \$9,500 to \$40,000) would be distributed to the State General Fund.

It is important to note that the bill prohibits the sale of Pari-mutuel Pull Tabs at Hoosier Park or in Marion County until after the facility in Orange County commences operations. Consequently, the estimates above assume that all three facilities will be operating and selling Pari-mutuel Pull Tabs.

For the Wagering Tax, the low range estimates are based on the slot machine “win” per admission at Casino Aztar for the period December 1999 to November 2000 and the average CY 2000 admissions at Hoosier Park (1,100 per day) for live racing and at the Merrillville satellite facility (260 per day). The “win” is the receipts remaining after winnings are paid to wagerers and the slots used were those ranging from \$1 to \$10. The high estimate is based on the win per slot machine at Casino Aztar for the same period and 600 pull tab positions at each satellite facility (this is roughly equal to the number of \$1 to \$10 slot machines at Casino Aztar). The variation in Admissions Tax estimates depends upon whether the Hoosier Park or Merrillville satellite facility admissions counts are utilized.

Penalty Provisions: The bill specifies Class A misdemeanor penalties for the following: (1) A person participating in the voluntary exclusion program who knowingly or intentionally enters a Riverboat gambling facility (this is considered criminal trespass under the bill); (2) a person who knowingly or intentionally aids, induces, or causes a person less than 21 years of age and who is not an employee of a Riverboat to enter or attempt to enter a Riverboat; and (3) a person who is less than 21 years of age and who is not an employee of a Riverboat who knowingly or intentionally enters or attempts to enter a Riverboat.

If additional court cases occur and fines are collected, revenue to both the Common School Fund and the state General Fund would increase. The maximum fine for a Class A misdemeanor is \$5,000. Criminal fines are deposited in the Common School Fund. If the case is filed in a circuit, superior, or county court, 70% of the \$120 court fee that is assessed and collected when a guilty verdict is entered would be deposited in the state General Fund. If the case is filed in a city or town court, 55% of the fee would be deposited in the state General Fund.

The Missouri voluntary exclusion program provides for a similar offense. As of January 2001, nearly 2,300 individuals were participating in the voluntary exclusion program. However, for the first 11 months of 2000, only eight violations had been recorded.

Explanation of Local Expenditures: (Revised) *Orange County Riverboat:* The bill provides that a referendum on Riverboat gambling be held in French Lick and West Baden to allow Riverboat gambling. The election on the question of allowing Riverboat gambling can be held during a primary election, general election, or special election. As a result, the bill could have an impact on the election expenses of the city if officials choose to hold a special election as opposed to holding the referendum at a general or primary election.

The bill could also have an impact on Orange County through the mandated activities of the County Gaming

Development Commission. The costs of the Commission would relate primarily to the survey and study on the suitability of areas in French Lick and West Baden for a Riverboat casino and public hearings relating to the study and the siting decision.

Penalty Provisions: See “Explanation of State Revenues” for explanation of the penalty provisions contained in the bill. A Class A misdemeanor is punishable by up to one year in jail. The average daily cost to incarcerate a prisoner in a county jail is approximately \$44.

Explanation of Local Revenues: (Revised) The table below outlines the estimated annual impact of the bill on (1) total revenue to the state and to local governments and (2) total revenue to local governments.

Provision	Total Revenue Impact	Local Revenue Impact
Dockside Gaming - Wagering Tax	\$108.83 M	\$27.21 M
Dockside Gaming - Admissions Tax	\$45.29 M	\$31.7 M
Orange County Riverboat - Wagering Tax	\$24.49 M - \$26.69 M	\$6.12 M - \$6.67 M
Orange County Riverboat - Admissions Tax	\$8.47 M - \$9.2 M	\$8.47 M - \$9.2 M
Pari-mutuel Pull Tabs - Wagering Tax	\$1.1 M - \$12.24 M	\$270,000 - \$3.06 M
Pari-mutuel Pull Tabs - Admissions Tax	\$873,000 - \$3.69 M	\$436,500 - \$1.85 M
Total	\$189.05 M - \$205.94 M	\$74.21 M - \$79.69 M

Dockside Gaming: The bill changes the definition of a Riverboat to a continuously moored or permanently moored vessel and permits owners of Riverboat casinos to conduct dockside gaming with continuous boarding of Riverboat patrons. The change to dockside gaming is expected to increase both wagering and admissions on Riverboats that operate in such a manner and, thus, to increase revenues from the Riverboat Wagering Tax and the Riverboat Admissions Tax. *Estimates pertaining to particular Riverboats and communities will be made available upon request.*

As a result of dockside gaming operations on the 10 existing Riverboats, revenue from the Riverboat Wagering Tax could potentially increase by an estimated \$108.83 M per year. As determined by statute, the local share of this increase is 25%, or approximately \$27.21 M. The distribution of the local share of the Wagering Tax from the 10 existing Riverboats depends upon the location of the Riverboat from which the tax was collected. For Riverboats docked in the largest city in a county that is contiguous either to Lake Michigan or the Ohio River, the local share of Wagering Tax revenue is distributed to the city designated as the home dock. For Riverboats that are not docked in the largest city in a county that is contiguous either to Lake Michigan or the Ohio River, the local share of Wagering Tax revenue is distributed to the county in which the Riverboat is docked.

Also as a result of dockside gaming operations on the 10 existing Riverboats, revenue from the \$3 Riverboat Admissions Tax could potentially increase by an estimated \$45.29 M. The following distributions, as determined by statute, are made to local government units from each \$3 tax from these Riverboats. The distributions would total approximately \$31.7 M.

\$1.00 to the city in which the Riverboat is docked;*

\$1.00 to the county in which the Riverboat is docked; and
\$0.10 to the county convention and visitor bureau or promotion fund.

*In counties along the Ohio River in which the Riverboat is not docked in the largest city in the county, this \$1.00 is also distributed to the county.

Orange County Riverboat: While the bill makes no changes to Riverboat tax rates, it presumably would increase revenue to local government units from the Riverboat Wagering Tax and Admissions Tax, provided a Riverboat commences operations in Orange County.

The Orange County Riverboat could potentially increase annual Wagering Tax revenue by an estimated \$24.49 M to \$26.69 M and annual Admissions Tax revenue by \$8.47 M to \$9.2 M. This is based on the average Wagering Tax receipts and Admissions Tax receipts during FY 2000 from (1) the three smallest Riverboats with respect to casino square feet and gaming positions and (2) the three Riverboats having the lowest admissions totals. This also assumes that the Orange County Riverboat would be relatively small and that wagering and admissions overall would increase proportionately with the addition of the eleventh Riverboat. Under the bill, 25% of the Wagering Tax revenue and all of the Admissions Tax revenue from the Orange County Riverboat would be distributed to various local government units. Thus, an estimated \$6.12 M to \$6.67 M in Wagering Tax revenue would be distributed as follows:

30% to French Lick;
30% to Orange County;
25% to West Baden;
10% to the French Lick Tourism Commission; and
5% to the West Baden Tourism Commission.

In addition, each \$3 Admissions Tax would be distributed as follows:

\$0.90 to French Lick;
\$0.80 to Orange County;
\$0.30 to West Baden;
\$0.40 to the French Lick Tourism Commission;
\$0.40 to the West Baden Tourism Commission;
\$0.10 to Dubois County;
\$0.05 to Paoli; and
\$0.05 to Orleans.

Pari-mutuel Pull Tabs: The bill authorizes the sale of Pari-mutuel Pull Tabs at Hoosier Park, at the current horse racing satellite facility in Marion County, and at a proposed horse racing satellite facility located in Orange County. In terms of local revenue the bill imposes the following two new taxes relating to Pari-mutuel Pull Tabs:

(1) A Wagering Tax equal to 20% of the adjusted gross receipts (total wagers minus winnings paid to wagerers and uncollectible receivables) from the sale of Pari-mutuel Pull Tabs. It is estimated that annual revenue from this tax could potentially vary from a low range of \$1.1 M to \$4.6 M to a high of \$12.24 M, depending upon the basis of this estimate and assuming that all three facilities sell Pari-mutuel Pull Tabs. Under the bill, 25% of the revenue from this tax is distributed to local government units. Based on the estimate, this total could vary from a low range of approximately \$270,000 to \$1.14 M to a high of \$3.06 M.

The bill requires that the local share of Wagering Tax revenue is to be distributed in equal shares to Madison County, Marion County, and Orange County. Further, the bill requires that the Madison County and Orange County shares be distributed as follows:

Madison County share distribution:

33.33% to Anderson;

33.33% to Madison County; and

33.33% in equal shares to Jay, Delaware, and Randolph counties.

Orange County share distribution:

30% to French Lick;

10% to the French Lick Tourism Commission;

25% to West Baden;

5% to the West Baden Tourism Commission; and

30% to Orange County.

(2) An Admissions Tax equal to \$3 per paid admission to the facility or, if the facility does not charge for admission, \$3 per patron based on a patron count after the first hour of operation during the day and every two hours thereafter. Assuming the facilities will choose to impose an admission charge of their own, it is estimated that annual revenue from this tax could potentially vary from a low of approximately \$854,000 to a high of approximately \$3.61 M. This also depends upon admissions estimates for the facilities and that the facilities will sell Pari-mutuel Pull Tabs. Under the bill, 50% of the revenue from this tax is distributed to the local government units. Based on the estimate, this total could vary from a low of approximately \$427,000 to a high of approximately \$1.81 M. The local share of the Admissions Tax must be distributed in equal shares to Anderson and Madison County.

In addition, the existing \$0.20 Admissions Tax would have a revenue impact based on the assumption that the facilities will choose to impose their own admission charge. The existing tax is only imposed upon paid admissions to horse racing tracks and satellite facilities. Currently, admissions are not charged at either Hoosier Park for simulcast racing or at the existing Indianapolis satellite facility. Thus, the bill is estimated to result in approximately \$19,000 to \$80,000 in additional revenue from the existing Admissions Tax at the these two facilities and the Orange County facility. Fifty percent of this revenue (approximately \$9,500 to \$40,000) would be distributed in equal shares to Anderson and Madison County.

See “Explanation of State Revenues” for discussion of the assumptions of these estimates.

Penalty Provisions: See “Explanation of State Revenues” for explanation of the penalty provisions contained in the bill. If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from the following sources: (1) The county general fund would receive 27% of the \$120 court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. (2) A \$3 fee would be assessed and, if collected, would be deposited into the county law enforcement continuing education fund. (3) A \$2 jury fee is assessed and, if collected, would be deposited into the county user fee fund to supplement the compensation of jury members.

State Agencies Affected: (Revised) Indiana Gaming Commission; Indiana Horse Racing Commission; Department of State Revenue.

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources: Bob Lain, State Budget Agency, 232-5610.
Wendi Samuelson-Dull, Indiana Horse Racing Commission, 233-4468.
Melissa Stevens, Missouri Gaming Commission, (573) 522-1373.
Missouri Gaming Commission Website at <http://www.mgc.state.mo.us/>.
Monthly Riverboat Revenue Report (Jan. 1996 to Oct. 2000), Illinois Gaming Board.
Illinois Gaming Board 1999 Annual Report.
Wagering in Illinois: 2000 Update, Illinois Economic and Fiscal Commission,
September 2000.
Monthly Riverboat Statistical Report (July 1999 to June 2000), Indiana Gaming
Commission.
Indiana Gaming Commission 1999 Annual Report to the Governor.